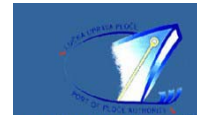




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World Bank Supports Regional Progress through the Port of Ploče Development

Zagreb, October 4, 2005 - The Croatian Ministry of the Sea, Tourism, Transport and Development (MoSTTD), the Ploče Port Authority and the World Bank, jointly organized the *Port of Ploče Development Workshop* as part of the **Trade and Transport Integration Project** preparation. At the beginning of September, the Ministry of Finance and the World Bank, in presence of the Minister of the Sea, Tourism, Transport and Development Božidar Kalmeta and the World Bank Vice President Mr. Shigeo Katsu, have signed in Ploče the Project Preparatory Facility of US\$1,750,000. The advance payment will be used for the preparation of the necessary documentation and the preparation for the construction of a container/multipurpose and the terminal for the bulk freight.

Only one month after that, we are already witnessing a second important milestone in the development of this project, the workshop on the project, that will present developments in the Port of Ploče and help in defining solutions for involvement of the private sector and

“The Croatian Government is investing great effort in the construction of a modern traffic infrastructure, and we want to use this occasion to thank the World Bank for recognizing and financially supporting our projects.

Investments in the modernization of the Croatian sea ports are accompanied by investments in the modernization of the Croatian Railways and Croatian road construction. The construction of the motorway from Split to Ploče is ongoing, and we also started the construction of the motorway in the Corridor 5C, where the Port of Ploče represents the southern starting point. I am pretty sure that our positive experience in the project of modernizing the Port of Rijeka will transfer to the project of Port Ploče, where we are expecting a significant increase of investments and the establishing of a better railway service between the port and its main partners in Bosnia and Herzegovina”, said Mr. **Božidar Kalmeta**, Minister of the Sea, Tourism, Transport and Development.

“I am very pleased that the Bank will be able to support the Port of Ploče project, as an important regional initiative that will bring benefit to Croatia and develop EU’s Corridor 5C. With supporting projects that would generate economic benefit and foster trade and transport in the region, the World Bank supports Government growth strategy embedded into the European accession process. Based on our experience built and results already achieved in the Rijeka Gateway project and experience from the successfully completed Trade and Transport Facilitation in the SEE project, we have all reasons to believe that the Port of Ploče project will achieve a similar success”, said Mr. **Anand Seth, Country Director for Croatia, Bulgaria and Romania**

port\corridor coordination.

The objective of this Project is to support regional development through improvements of the Pan-European Transport Corridor 5C capacity, efficiency and quality of services to meet the projected traffic demand focusing on the Port of Ploče, as its gateway.

The project would seek to achieve its objective through:

- increased port capacity for bulk and container/multipurpose traffic;
- reduction of administrative barriers for rail transport along Corridor 5C;
- optimization of the transport chain to and from the Port Ploče;
- development of activities in the existing Free Trade Zone;
- improved effectiveness and coordination of border agency activities; and, potentially, a public-private partnership to address these priorities, reduce commercial risks and secure financing for superstructure and port cargo handling equipment.

The Trade and Transport Integration Project comes in response to a significant increase in traffic, resulting from industrial restructuring in Bosnia and Herzegovina. The Corridor 5C generates significant, year-around, economic direct and indirect activity for Southern Dalmatia. As more than 80% of cargo served by the Port of Ploče has a destination outside Croatia (mainly in Bosnia and Herzegovina), the project is of important regional significance.

In recent years, the Port of Ploče is experiencing significant growth in traffic and is drawing closer to its pre-war business results of over 3 million tons per year. Over the next five years, projections indicate that the annual traffic volume will increase from 2 million tons (2004) to about 6.5 million tons (range of 5.5-9 million tons). About 80% of the corridor traffic transits to and from Bosnia and Herzegovina and some 75% is dry bulk cargo (coal, alumina, bauxite). In parallel, general cargo traffic (steel/aluminum products, timber, bananas) and particularly containerized cargo traffic has also grown. In 2001, the port handled 4,000 containers which increased to 14,500 containers in 2004. This growth is expected to continue.

The main project component include the construction of bulk cargo and container/multipurpose terminal, as well as port community system for integrating information flows within the Port and along the Corridor. Its impact will be strongly felt in the neighboring country, as it will remove an obstacle for further development and create preconditions for economic growth.

Through this project, the Bank is continuing its support in promoting competitiveness and regional cooperation concept, initiated in the **Trade and Transport Facilitation in SEE** Project which closed in April 2005.

This Project provides several opportunities for the Bank and the Ministry to work as close partners, including in seeking private sector involvement to modernize port facilities and operations and definition of port concession arrangements that maximize cost recovery for the Government of Croatia. The Project would leverage financing from the Government, the World Bank, & EBRD to attract more than \$ 20 million from the private sector for equipment and superstructure.

The total Project cost is estimated at €82 million (US\$98 million equivalent), with around €41 million (US\$ 50 million equivalent) from a World Bank loan, about €10 million from EBRD and the remainder from the Croatian Government.

Since Croatia joined the World Bank in 1993, the Bank has been active in providing financial and technical assistance, policy advice and analytical services to the country. So far, the Bank has supported 29 projects which total in excess of US\$1.55 billion, and has provided grants for over US\$20 million. All completed projects to date have satisfactory ratings. The overall portfolio performance in recent years is also above the regional average, and disbursement rates are high.

For more information about the World Bank's work in Croatia, visit

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or

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